

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF MAY 31, 2005**

	May-05				April-05				March-05				December-04				September-04				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Market Value	Allocation	Policy	Month	Market Value	Allocation	Policy	Quarter	Market Value	Allocation	Policy	Quarter	Market Value	Allocation	Policy	Quarter	Net	Net	Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>																								
<i>Structured Growth</i>																								
Los Angeles Capital	88,319	2.3%	2.3%	4.16%	84,826	2.2%	2.3%	-2.22%	83,838	2.2%	2.3%	-1.11%	86,394	2.2%	2.3%	10.37%	81,984	2.2%	2.3%	-4.14%	6.56%	N/A	N/A	N/A
<b>Total Structured Growth</b>	<b>88,319</b>	<b>2.3%</b>	<b>2.3%</b>	<b>4.16%</b>	<b>84,826</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-2.22%</b>	<b>83,838</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-1.11%</b>	<b>86,394</b>	<b>2.2%</b>	<b>2.3%</b>	<b>10.37%</b>	<b>81,984</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-4.14%</b>	<b>6.56%</b>	<b>17.58%</b>	<b>-6.28%</b>	<b>-7.85%</b>
<i>Russell 1000 Growth</i>				4.84%				-1.90%				-4.09%				9.17%				-5.23%	2.06%	17.88%	-3.74%	-6.48%
<i>Structured Value</i>																								
LSV	88,219	2.3%	2.3%	3.83%	85,036	2.2%	2.3%	-2.49%	92,754	2.4%	2.3%	1.62%	93,033	2.4%	2.3%	9.01%	89,406	2.4%	2.3%	3.21%	15.77%	30.56%	9.33%	8.36%
<i>Russell 1000 Value</i>				2.41%				-1.79%				0.09%				10.38%				1.54%	12.82%	21.13%	2.96%	1.87%
<i>Russell 1000 Enhanced Index</i>																								
LA Capital	172,511	4.4%	4.5%	2.86%	167,796	4.4%	4.5%	-2.50%	176,957	4.6%	4.5%	-1.04%	182,231	4.7%	4.5%	9.28%	174,651	4.6%	4.5%	-1.68%	6.63%	N/A	N/A	N/A
<i>Russell 1000</i>				3.54%				-1.84%				-1.91%				9.80%				-1.81%	7.49%	N/A	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>																								
Westridge	178,229	4.6%	4.5%	3.21%	172,781	4.5%	4.5%	-1.87%	170,146	4.4%	4.5%	-2.08%	177,077	4.6%	4.5%	9.47%	169,705	4.5%	4.5%	-1.99%	6.39%	N/A	N/A	N/A
<i>S&amp;P 500</i>				3.18%				-1.90%				-2.15%				9.23%				-1.87%	6.17%	N/A	N/A	N/A
<i>Index</i>																								
State Street	53,564			3.19%	51,910			-1.89%	51,143			-2.14%	53,266			9.23%	51,081			-1.88%	6.17%	19.01%	-0.75%	-2.28%
<b>Total Index</b>	<b>53,564</b>	<b>1.4%</b>	<b>1.5%</b>	<b>3.19%</b>	<b>51,910</b>	<b>1.4%</b>	<b>1.5%</b>	<b>-1.89%</b>	<b>51,143</b>	<b>1.3%</b>	<b>1.5%</b>	<b>-2.14%</b>	<b>53,266</b>	<b>1.4%</b>	<b>1.5%</b>	<b>9.23%</b>	<b>51,081</b>	<b>1.3%</b>	<b>1.5%</b>	<b>-1.88%</b>	<b>6.17%</b>	<b>19.01%</b>	<b>-0.75%</b>	<b>-2.28%</b>
<i>S&amp;P 500</i>				3.18%				-1.90%				-2.15%				9.23%				-1.87%	6.17%	19.11%	-0.70%	-2.21%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>580,842</b>	<b>15.0%</b>	<b>15.0%</b>	<b>3.34%</b>	<b>562,349</b>	<b>14.7%</b>	<b>15.0%</b>	<b>-2.22%</b>	<b>574,838</b>	<b>14.9%</b>	<b>15.0%</b>	<b>-1.04%</b>	<b>592,001</b>	<b>15.2%</b>	<b>15.0%</b>	<b>9.45%</b>	<b>566,826</b>	<b>14.9%</b>	<b>15.0%</b>	<b>-1.42%</b>	<b>7.90%</b>	<b>21.46%</b>	<b>0.15%</b>	<b>-1.39%</b>
<i>S&amp;P 500</i>				3.18%				-1.90%				-2.15%				9.23%				-1.87%	6.17%	19.11%	-0.70%	-2.21%
<b>SMALL CAP DOMESTIC EQUITY</b>																								
<i>Manager-of-Managers</i>																								
SEI	190,661	4.9%	5.0%	6.72%	178,775	4.7%	5.0%	-5.52%	189,205	4.9%	5.0%	-5.10%	199,830	5.1%	5.0%	14.79%	187,008	4.9%	5.0%	-3.60%	5.89%	32.99%	5.51%	N/A
<i>Russell 2000 + 200bp</i>				6.71%				-5.56%				-4.86%				14.64%				-2.36%	7.32%	35.99%	7.90%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>190,661</b>	<b>4.9%</b>	<b>5.0%</b>	<b>6.72%</b>	<b>178,775</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-5.52%</b>	<b>189,205</b>	<b>4.9%</b>	<b>5.0%</b>	<b>-5.10%</b>	<b>199,830</b>	<b>5.1%</b>	<b>5.0%</b>	<b>14.79%</b>	<b>187,008</b>	<b>4.9%</b>	<b>5.0%</b>	<b>-3.60%</b>	<b>5.89%</b>	<b>32.99%</b>	<b>5.54%</b>	<b>7.29%</b>
<i>Russell 2000</i>				6.55%				-5.73%				-5.34%				14.09%				-2.86%	5.38%	33.36%	6.24%	6.63%
<b>CONVERTIBLES</b>																								
TCW	373,870	9.6%	10.0%	2.39%	365,572	9.6%	10.0%	-4.02%	381,335	9.9%	10.0%	-4.03%	397,368	10.2%	10.0%	8.41%	366,600	9.6%	10.0%	-4.35%	-2.20%	17.50%	1.03%	3.90%
<i>Merrill Lynch All Convertibles</i>				2.57%				-3.30%				-4.67%				5.37%				-1.05%	-1.42%	14.16%	4.89%	5.75%
<b>INTERNATIONAL EQUITY</b>																								
<i>Large Cap - Active</i>																								
Capital Guardian	150,640	3.9%	4.0%	2.58%	146,591	3.8%	4.0%	-2.85%	150,899	3.9%	4.0%	0.96%	156,972	4.0%	4.0%	10.01%	296,674	7.8%	8.0%	-1.77%	8.74%	25.36%	-0.39%	0.54%
LSV	151,692	3.9%	4.0%	1.90%	149,013	3.9%	4.0%	-3.05%	156,300	4.1%	4.0%	3.73%	158,007	4.1%	4.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Transition Account	1	0.0%	0.0%	N/A	1	0.0%	0.0%	N/A	1	0.0%	0.0%	N/A	(45)	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<b>Total Large Cap - Active</b>	<b>302,332</b>	<b>7.8%</b>	<b>8.0%</b>	<b>2.24%</b>	<b>295,605</b>	<b>7.7%</b>	<b>8.0%</b>	<b>-2.95%</b>	<b>307,199</b>	<b>8.0%</b>	<b>8.0%</b>	<b>2.35%</b>	<b>314,934</b>	<b>8.1%</b>	<b>8.0%</b>	<b>10.59%</b>	<b>296,674</b>	<b>7.8%</b>	<b>8.0%</b>	<b>-1.77%</b>	<b>10.33%</b>	<b>25.36%</b>	<b>-0.39%</b>	<b>0.54%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.10%				-2.47%				1.71%				11.11%				-0.72%	11.72%	26.98%	-1.27%	-2.14%
<i>Small Cap - Value</i>																								
Lazard	37,645	1.0%	1.0%	-1.00%	38,041	1.0%	1.0%	-3.00%	37,736	1.0%	1.0%	3.09%	44,279	1.1%	1.0%	16.08%	39,858	1.0%	1.0%	0.30%	15.26%	43.71%	N/A	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				-0.10%				-2.20%				4.58%				16.82%				-0.82%	18.37%	47.95%	N/A	N/A
<i>Small Cap - Growth</i>																								
Vanguard	37,358	1.0%	1.0%	0.36%	37,222	1.0%	1.0%	-2.02%	36,564	1.0%	1.0%	2.92%	43,115	1.1%	1.0%	18.98%	37,867	1.0%	1.0%	0.42%	20.91%	44.67%	N/A	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				-0.10%				-2.20%				4.58%				16.82%				-0.82%	18.37%	47.95%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>377,335</b>	<b>9.7%</b>	<b>10.0%</b>	<b>1.70%</b>	<b>370,867</b>	<b>9.7%</b>	<b>10.0%</b>	<b>-2.88%</b>	<b>381,499</b>	<b>9.9%</b>	<b>10.0%</b>	<b>2.47%</b>	<b>402,328</b>	<b>10.4%</b>	<b>10.0%</b>	<b>12.56%</b>	<b>374,399</b>	<b>9.8%</b>	<b>10.0%</b>	<b>-1.32%</b>	<b>12.41%</b>	<b>29.26%</b>	<b>1.04%</b>	<b>1.41%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.10%				-2.47%				1.71%				11.11%				-0.72%	11.72%	26.98%	-1.27%	-2.14%
<b>DOMESTIC FIXED INCOME</b>																								
<i>Core Bond</i>																								
Western Asset	717,184	18.5%	16.7%	0.97%	710,837	18.6%	16.7%	1.12%	713,049	18.5%	16.7%	-0.84%	680,741	17.5%	16.7%	1.34%	687,449	18.1%	16.7%	3.52%	6.22%	2.42%	7.77%	8.10%
<i>Lehman Aggregate</i>				1.08%				1.35%				-0.48%				0.96%				3.20%	6.22%	0.32%	6.35%	6.95%
<i>Index</i>																								
Bank of ND	875,904	22.5%	25.0%	0.82%	867,954	22.7%	25.0%	1.16%	842,367	21.9%	25.0%	-0.78%	858,329	22.1%	25.0%	0.40%	865,114	22.8%	25.0%	2.54%	4.16%	0.07%	7.10%	7.25%
<i>Lehman Intermediate Gov/Credit (1)</i>				0.90%				1.14%				-0.87%				0.44%				2.71%	4.36%	-0.05%	6.97%	7.25%
<i>BBB Average Quality</i>																								
Wells Capital (formerly Strong)	377,627	9.7%	8.3%	1.65%	373,004	9.8%	8.3%	1.22%	373,964	9.7%	8.3%	-1.15%	382,889	9.9%	8.3%	2.30%	385,414	10.1%	8.3%	4.51%	8.75%	1.18%	N/A	N/A
<i>Lehman US Credit BAA</i>				1.67%				0.94%				-1.57%				1.69%				4.76%	7.61%	1.96%	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,970,715</b>	<b>50.7%</b>	<b>50.0%</b>	<b>1.03%</b>	<b>1,951,795</b>	<b>51.1%</b>	<b>50.0%</b>	<b>1.16%</b>	<b>1,929,381</b>	<b>50.2%</b>	<b>50.0%</b>	<b>-0.88%</b>	<b>1,921,958</b>	<b>49.5%</b>	<b>50.0%</b>	<b>1.11%</b>	<b>1,937,978</b>	<b>51.0%</b>	<b>50.0%</b>	<b>3.27%</b>	<b>5.78%</b>	<b>0.79%</b>	<b>7.00%</b>	<b>7.45%</b>
<i>Lehman Gov/Credit</i>				1.25%				1.50%				-0.67%				0.80%				3.56%	6.56%	-0.72%	6.73%	7.10%
<b>CASH EQUIVALENTS</b>																								
Bank of ND	390,970	10.1%	10.0%	0.26%	389,996	10.2%	10.0%	0.25%	389,026	10.1%	10.0%	0.69%	369,250	9.5%	10.0%	0.53%	368,196	9.7%	10.0%	0.44%	2.19%	1.20%	1.72%	3.39%
<i>90 Day T-Bill</i>				0.27%				0.22%				0.57%				0.48%				0.37%	1.92%	0.98%	1.71%	3.30%
<b>TOTAL BONDING FUND</b>	<b>3,884,393</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.75%</b>	<b>3,819,355</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.68%</b>	<b>3,845,284</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.93%</b>	<b>3,882,734</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.57%</b>	<b>3,801,006</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.64%</b>	<b>5.37%</b>	<b>9.88%</b>	<b>4.70%</b>	<b>5.16%</b>
<i>POLICY TARGET BENCHMARK</i>				1.93%				-0.38%				-1.16%				4.14%				1.22%	5.80%	8.00%	4.60%	4.72%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to April 1, 2004, the benchmark was the LB Govt/Credit index.